

## Message Text

UNCLASSIFIED

PAGE 01 BRASIL 03564 271831Z

15

ACTION EB-07

INFO OCT-01 AF-08 ARA-10 EUR-12 ISO-00 AGR-10 AID-05

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00

XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01

NSC-05 SS-15 STR-04 CEA-01 L-03 H-02 PA-02 PRS-01

ITC-01 /130 W

----- 012901

R 271415Z APR 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 5231

INFO AMEMBASSY LONDON

AMEMBASSY BOGOTA

AMEMBASSY ABIDJAN

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 3564

E.O. 11652: N/A

TAGS: EAGR, ETRD, BR

SUBJECT: ALLEGED BRAZILIAN PURCHASES OF ANGOLAN AND  
IVORY COAST COFFEE

FOL FROM SAO PAUL SENT BRASILIA AND RIO DE JANEIRO  
APRIL 23:

QUOTE

SAO PAULO 0900

1. CONSENSUS OF FIVE MAJOR SANTOS COFFEE TRADERS VISITED BY  
CONSULAR OFFICERS APRIL 22 IS THAT BRAZIL HAS ATTEMPTED TO PUR-  
CHASE 500,000 TO 1 MILLION BAGS ANGOLAN COFFEE AND SMALLER  
AMOUNTS OF IVORY COAST COFFEE. THEY BELIEVE DESIRE AND INTENTION  
TO PURCHASE ARE REAL ON THE BRAZILIAN SIDE BUT THAT PRACTICAL  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRASIL 03564 271831Z

AND POLICY PROBLEMS EXIST ON THE AFRICAN SIDE.

2. AFRICANS WILL NOT WANT TO DO ANYTHING WHICH WILL PREJUDICE THEIR LONGTERM MARKETS FOR ROBUSTA COFFEES IN EUROPE AND ELSEWHERE AND WILL WISH TO PROVE TO THEIR REGULAR CUSTOMERS THAT THEY ARE RESPONSIBLE SUPPLIERS IN A TIME OF CRISIS AGAINST A TIME WHEN THERE MIGHT AGAIN BE A SURPLUS OR COFFEE OVERPRODUCTION. BRAZIL IS OBVIOUSLY NOT A REGULAR CLIENT OF THEIRS, AND THE SANTOS COFFEE EXPORTERS SEE THESE RECENT PURCHASE ATTEMPTS AS THE FIRST BRAZILAIN GOVERNMENT MOVES IN THE PRESENT BULL MARKET TO FORCE PRICES UP. THE TRADE RECALLED EARLIER AND SUSTAINED BRAZILAIN GOVERNMENT ACTIONS IN OTHER COFFEE BULL MARKETS TO ACCELERATE UPWARD PRICE MOVEMENTS, BUT SAID THAT THERE HAD BEEN NO SUCH EFFORTS CURRENTLY, APART FROM AFRICAN PURCHASE ATTEMPTS AND JAW-BONING BY IBC OFFICIALS TO LOCAL SELLERS TO HOLD OUT FOR BEST PRICES.

3. ON THE PRACTICAL SIDE CONCERNING AVAILABILITIES OF COFFEE IN ANGOLA FOR SALE TO BRAZIL, TRADE THOUGHT THAT THERE PROBABLY WERE AT LEAST SEVERAL HUNDRED THOUSAND BAGS IN WAREHOUSES IN LUANDA, BUT THAT THESE PROBABLY STILL AT LEAST NOMINALLY BELONGED TO PRIVATE PERSONS, MANY OF WHOM HAD LEFT ANGOLA, OR TO PRIVATE ENTITIES WHICH HAD BEEN DISBANDED OR WERE INACTIVE AS A RESULT OF SUCH EMIGRATION. PRESENT ANGOLAN GOVERNMENT MIGHT NATIONALIZE SUCH STOCKS EVENTUALLY AND MAKE THEM AVAILABLE FOR EXPORT. TIMING WAS UNCERTAIN. STOCKS IN THE INTERIOR UNDOUBTEDLY ALSO EXISTED BUT ASIDE FROM OWNERSHIP QUESTIONS SIMILAR TO LUANDA STOCKS THERE WERE PROBLEMS OF LOCATING STOCKS SPREAD ALL OVER THE COUNTRYSIDE, MOVING THE COFFEE TO THE PORT GIVEN PERILOUS TRANSPORTATION SITUATION AND, FINALLY, THE LIKELIHOOD THAT SOME STOCKS HAD BEEN DISSIPATED BY MARAUDING GUERRILLA BANDS. TRADE ALSO POINTED OUT THAT THE PROPOSED BRAZILIAN PURCHASES OF ANGOLAN COFFEE WERE ESSENTIALLY A BARTER DEAL FOR BRAZILIAN VOLKSWAGENS, TRACTORS, ETC. AND THAT IT WOULD TAKE A SUBSTANTIAL AMOUNT OF SUCH ITEMS TO PAY FOR 500,000 BAGS OF COFFEE AT PRESENT PRICES. NOT ONLY WAS THERE A QUESTION ABOUT ANGOLAN ABILITY TO ABSORB THESE ITEMS IN SUBSTANTIAL QUANTITIES, BUT IT WOULD TAKE SOME TIME BEFORE PHYSICAL TRANSFERS WERE ACCOMPLISHED. WHILE AGREEING THAT IMPORTS OF ANGOLAN ROBUSTA COFFEE BY IBC FOR SALE TO BRAZILIAN SOLUBLE COFFEE MANUFACTURERS MADE EMINENT ECONOMIC AND COMMERCIAL SENSE, BY FREEING FOR EXPORT A SLIGHTLY

UNCLASSIFIED

PAGE 03 BRASIL 03564 271831Z

LARGER AMOUNT OF HIGHER VALUE BRAZILIAN ARABICA COFFEE (GIVEN SOLUBLE COFFEE YIELD PERCENTAGES), THE BRAZILAIN COFFEE EXPORTERS THOUGHT IT WOULD BE A LONG TIME BEFORE THE ANGOLAN COFFEE WOULD SHOW UP IN BRAZILIAN PORTS AND THEN PROBABLY IN DRIBS AND DRABS, IF AT ALL. IN SHORT, THE BRAZILIAN TRADERS GAVE THE GOVERNMENT A FOR EFFORT, BUT WERE HIGHLY SKEPTICAL ABOUT IMPLEMENTATION. CHAPIN

UNQUOTE JOHNSON

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COFFEE, IMPORTS, PERSONAL OPINION, BUSINESSMEN, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 APR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BRASIL03564  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760160-0711  
**From:** BRASILIA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760419/aaaaapzx.tel  
**Line Count:** 116  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** buchant0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 31 AUG 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <31 AUG 2004 by cookms>; APPROVED <09 DEC 2004 by buchant0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ALLEGED BRAZILIAN PURCHASES OF ANGOLAN AND IVORY COAST COFFEE  
**TAGS:** EAGR, ETRD, BR, AO  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006